

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NORTH DAKOTA**

In Re: Generations on 1 st , LLC, Debtor, Jointly Administered.	Bankruptcy No.: 25-30002 Chapter 11
Parkside Place, LLC, Debtor, Jointly Administered.	Bankruptcy No.: 25-30003 Chapter 11

AFFIDAVIT OF CHARLES AARESTAD

RE: THE MULINDA NOTES

STATE OF MINNESOTA)
) SS
COUNTY OF NORMAN)

I, Charles Aarestad, hereby state and declare as follows:

1. I am a Senior Vice President at Red River State Bank ("RRSB" or "Creditor").

I have held my current position since 2011.

2. I hold a bachelor's degree in Agricultural Economics from North Dakota State University. I have also attended the Graduate School of Banking at the University of Wisconsin-Madison.

3. I am personally familiar with the loan history between RRSB and Mulinda Craig ("Mulinda"), Generations on 1st, LLC ("Generations"), and Parkside Place, LLC ("Parkside") (Parkside and Generations, collectively, are hereinafter the "Debtors").

4. I have personally reviewed bank statements, transaction receipts, deposits, and checks associated with several accounts, including without limitation:

- a. a checking account ending in -4657 at RRSB also known as the Assignment of Rents Holding Account (the “Generations AOR Account”);
- b. a checking account ending in -6436 at RRSB owned by Parkside (the “RRSB Parkside Account”);
- c. a checking account ending in -4665 at RRSB, also known as the Assignment of Rents Holding Account (the “Parkside AOR Account”);
- d. a checking account ending in -1711 at First Community Credit Union (“FCCU”) owned by Craig Development, LLC (the “FCCU Craig Development Account”);
- e. a checking account ending in -4695 at FCCU owned by Craig Properties LLC (the “FCCU Craig Properties Account”);
- f. a checking account ending in -2258 at Starion Bank owned by non-debtor affiliate CP Business Management Inc. – Apartments (the “CP Business Account”);
- g. a checking account ending in -8829 at Starion Bank owned by Craig Development LLC (the “Starion Craig Development Account”).
- h. a debtor-in-possession checking account ending in -8666 held by the estate at Starion Bank (the “Generations DIP Account”); and
- i. a debtor-in-possession checking account ending in -8688 at Starion Bank (the “Parkside DIP Account”).

With the exception of the accounts for which RRSB is the depository institution, all of the aforementioned documents were obtained through subpoenas issued in the Debtor’s bankruptcy case.

History of the Three Mulinda Notes

5. RRSB previously filed Proof of Claim No. 1 in the Generation's bankruptcy case (the "RRSB Generations POC") and Proof of Claim No. 1 in the Parkside bankruptcy case (the "RRSB Parkside POC", and together with the RRSB Generations POC, the "RRSB POCs." The RRSB POCs explain the business relationship between RRSB and Mulinda. This Affidavit pertains to the three loans referred to in the RRSB POCs as the First Mulinda Note, the Second Mulinda Note, and the Third Mulinda Note (collectively, the "Mulinda Notes").

6. Proceeds of the Mulinda Notes were used for the construction of two apartment buildings in Watertown, South Dakota known as "Generations on 1st" (the "GO1 Real Property") and "Parkside Place" (the "Parkside Real Property").

The First Mulinda Note

7. Mulinda made in favor of, executed, and delivered to RRSB a Promissory Note dated April 26, 2021, pursuant to which Loan No. 41206 was issued in the original principal amount of \$1,477,500.00 (the "First Mulinda Note"). A true and correct copy of the First Mulinda Note is attached as **Exhibit 1-A** and incorporated by reference.

8. The stated maturity date of the First Mulinda Note was December 15, 2022.

9. Interest accrued on the unpaid principal balance at a rate of 4.350% per annum. After the parties executed the Forbearance Agreement dated February 17, 2023 (the "Forbearance Agreement"), the rate increased to 6.500% per annum. Payments came due under the First Mulinda Note as follows:

- a. One (1) payment of principal and interest in the sum of \$775,426.43 due on December 15, 2021; and
- b. One (1) final payment of principal and interest in the sum of \$775,426.43 due on December 15, 2022.

A. Disbursement of Loan Proceeds for the First Mulinda Note

10. Loan proceeds for the First Mulinda Note were authorized for disbursement pursuant to a Loan Disbursement Request and Authorization executed by Mulinda (the “First Mulinda DRA”). A true and correct copy of the First Mulinda DRA is attached as **Exhibit 1-B** and incorporated by reference, and a relevant excerpt is reproduced below for reference.

SPECIFIC PURPOSE. The specific purpose of this loan is: REAL ESTATE DEVELOPMENT LOAN.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$1,477,500.00 as follows:

Amount paid on Borrower's account:	\$230.254.14
\$230,254.14 Payment on Loan # 41099	
Other Disbursements:	\$1,247,205.40
\$50,000.00 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$86,562.46 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$226,447.36 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$226,447.35 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$76,840.36 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$100,000.00 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$240,453.93 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
\$240,453.94 CASHIER'S CHECK TO CRAIG DEVELOPMENT	
Total Financed Prepaid Finance Charges:	\$40.46
\$40.46 Loan Packaging Fee	
Note Principal:	\$1,477,500.00

11. The First Mulinda Note proceeds were disbursed on April 26, 2021 in the aggregate principal amount of \$1,477,500. First, \$230,534.14 was used to refinance Loan No. 41099, an existing construction loan. True and correct copies of RRSB's credit slips dated April 27, 2021 for \$229,080.19 and \$1,173.95 are attached as **Exhibit 1-C**. The remaining loan proceeds were disbursed to Craig Development via eight Cashier's Checks totaling \$1,247,205.40:

Check No.	Check Amount	Corresponding Project and Draw No.
201011	\$50,000.00	Parkside Place Draw #8
201012	\$86,562.46	Parkside Place Draw #9
201013	\$226,447.36	Parkside Place Draw #9
201014	\$226,447.35	Parkside Place Draw #9
201015	\$76,840.36	Generations on 1 st Draw #6
201016	\$100,000.00	Generations on 1 st Draw #7
201017	\$240,453.93	Generations on 1 st Draw #7
201018	\$240,453.94	Generations on 1 st Draw #7
<u>TOTAL:</u>	\$1,247,205.40	

True and correct copies of the aforementioned Cashier's Checks and two (2) FCCU Craig Development Account Transaction Receipts dated April 26, 2021, confirming receipt and deposit of the First Mulinda Note loan proceeds are attached as **Exhibit 1-D**.

B. Payment History for the First Mulinda Note

12. To date, only two payments have been made on the First Mulinda Note.

13. On December 13, 2021, a payment of \$561,822.51 was applied to principal in connection with refinancing of the Parkside Note. *See* Affidavit of Charles Aarestad re: The Parkside Note; ¶ 9-10. True and correct copies of the Parkside DRA and a RRSB credit slip dated December 13, 2021 for \$561,822.51 are attached as **Exhibit 1-E**.

14. On April 17, 2023, a payment of \$22,053.82 was applied to principal in connection with refinancing of the Eighth Generations Note. *See* Affidavit of Charles Aarestad re: Eighth Generations Note; ¶ 13. True and correct copies of the Eighth Generations DRA and a Credit Ticket dated April 17, 2023 for \$22,053.82 are attached hereto as **Exhibit 1-F**.

15. No further payments have been made by the Debtors or Mulinda towards the outstanding balance of the First Mulinda Note.

The Second Mulinda Note

16. Mulinda made in favor of, executed, and delivered to RRSB a Promissory Note dated May 27, 2021, pursuant to which Loan No. 41240 was issued in the original principal amount of \$1,321,100.00 (the "**Second Mulinda Note**"). A true and correct copy of the Second Mulinda Note is attached as **Exhibit 2-A** and incorporated by reference.

17. The original maturity date of the First Mulinda Note was December 15, 2022.

18. Interest accrued on the unpaid principal balance at a rate of 4.350% per annum. After the parties executed the Forbearance Agreement, the rate increased to 6.500% per annum. Payments came due under the Second Mulinda Note as follows:

- c. One (1) payment of principal and interest in the sum of \$690,851.70 due on December 15, 2021; and
- d. One (1) final payment of principal and interest in the sum of \$690,851.70 due on December 15, 2022.

C. Disbursement of Loan Proceeds for the Second Mulinda Note

19. Proceeds of the Second Mulinda Note were authorized for disbursement pursuant to a Loan Disbursement Request and Authorization contemporaneously executed by Mulinda (the "Second Mulinda DRA"). A true and correct copy of the Second Mulinda DRA is attached hereto as **Exhibit 2-B** and incorporated by reference, and a relevant excerpt is reproduced below:

SPECIFIC PURPOSE. The specific purpose of this loan is: REAL ESTATE DEVELOPMENT LOAN.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$1,321,100.00 as follows:

Amount paid to Borrower directly:	\$31,508.57
\$31,508.57 Deposited to Account # CASHIERS CHECK TO CRAIG DEVELOPMENT	
Other Disbursements:	\$1,289,452.18
\$111,726.38 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$294,875.42 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$294,875.41 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$293,987.49 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$293,987.48 CASHIERS CHECK TO CRAIG DEVELOPMENT	
Total Financed Prepaid Finance Charges:	\$139.25
\$139.25 Loan Packaging Fee	
Note Principal:	\$1,321,100.00

20. The Second Mulinda Note proceeds were disbursed to Craig Development, LLC via Cashier's Checks on May 27, 2021 as follows:

Check No.	Check Amount	Corresponding Project and Draw No.
201052	\$31,508.57	Parkside Place Draw #10
201049	\$111,726.38	Generations on 1 st Draw #8
201050	\$294,875.42	Generations on 1 st Draw #8

201051	\$294,875.41	Generations on 1 st Draw #8
201053	\$293,987.49	Parkside Place Draw #10
201054	\$293,987.48	Parkside Place Draw #10
n/a	\$139.25	Loan Packaging Fee
<u>TOTAL:</u>	\$1,321,100.00	

True and correct copies of the aforementioned Cashier's Checks and Loan Packaging Fee General Ledger ticket and a Starion Craig Development Account Statement dated May 28, 2021, confirming receipt and deposit of the Second Mulinda Note loan proceeds, are attached hereto as **Exhibit 2-C** and incorporated by reference.

D. Payment History for the Second Mulinda Note

21. To date, no payments have been made by Debtors or Mulinda towards the outstanding balance of the Second Mulinda Note.

The Third Mulinda Note

22. Mulinda made in favor of, executed, and delivered to RRSB a Promissory Note dated June 22, 2021, pursuant to which Loan No. 41258 was issued in the original principal amount of \$1,652,500.00 (the "**Third Mulinda Note**"). A true and correct copy of the Third Mulinda Note is attached as **Exhibit 3-A** and incorporated by reference.

23. The original maturity date of the Third Mulinda Note was December 15, 2024.

24. Interest accrues on the unpaid principal balance at a rate of 4.350% per annum. After the Forbearance Agreement, the rate increased to 6.500% per annum. The Third Mulinda Note was payable in annual installments of principal and interest equal to \$449,112.37 beginning on December 15, 2021, and continuing through December 15, 2024.

Disbursement of Loan Proceeds for the Third Mulinda Note

25. Proceeds of the Third Mulinda Note were authorized for disbursement pursuant to a Loan Disbursement Request and Authorization contemporaneously executed by Mulinda

(the “Third Mulinda DRA”). A true and correct copy of the Third Mulinda DRA is attached hereto as **Exhibit 3-B** and incorporated by reference, and a relevant excerpt is reproduced below:

SPECIFIC PURPOSE. The specific purpose of this loan is: REAL ESTATE DEVELOPMENT LOAN.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$1,652,500.00 as follows:

Amount paid to Borrower directly:	\$246,257.01
\$246,257.01 Deposited to Account # CASHIERS CHECK TO CRAIG DEVELOPMENT	
Amount paid to others on Borrower's behalf:	\$246,412.62
\$246,257.01 to CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$155.61 to RED RIVER STATE BANK LOAN PACKAGING	
Other Disbursements:	\$1,159,830.37
\$218,658.18 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$218,658.17 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$230,000.00 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$246,257.01 CASHIERS CHECK TO CRAIG DEVELOPMENT	
\$246,257.01 CASHIERS CHECK TO CRAIG DEVELOPMENT	

Note Principal:	\$1,652,500.00
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26. The Third Mulinda Note proceeds were disbursed to Craig Development, LLC on June 22, 2021 in the aggregate amount of \$1,652,500 by six Cashier's Checks:

Check No.	Check Amount	Corresponding Project and Draw No.
201075	\$246,257.01	Generations on 1 st Draw #9
201076	\$246,257.01	Generations on 1 st Draw #9
201072	\$218,658.18	Parkside Place Draw #11
201073	\$218,658.17	Parkside Place Draw #11
201074	\$230,000.00	Generations on 1 st Draw #9
201077	\$246,257.01	Generations on 1 st Draw #9
201078	\$246,257.01	Generations on 1 st Draw #9
<u>n/a</u>	\$155.61	Loan Packaging Fee
<u>TOTAL:</u>	\$1,652,500.00	

True and correct copies of the aforementioned Cashier's Checks and two FCCU Craig Development Account Transaction Receipts dated June 22, 2021, confirming receipt and deposit of the Third Mulinda Note loan proceeds, are attached hereto as **Exhibit 3-C**.

E. Payment History for the Third Mulinda Note

27. To date, no payments have been made by the Debtors or Mulinda towards the outstanding balance of the Third Mulinda Note.

RRSB'S POCS AND THE MULINDA NOTES

28. Three (3) Inquiry Statements for the Mulinda Notes generated by RRSB's computer system are attached as **Exhibit 4** and incorporated by reference. The Inquiry Statements set forth loan advances, late fees, and payments, if any. They do not include a running balance.

29. For the convenience of the parties and the Court, printouts of three (3) Excel spreadsheets setting forth the accrual of interest and late fees pursuant to the Mulinda Notes and the application of all payments received by RRSB for the Mulinda Notes are attached as **Exhibit 5** and incorporated by reference.


30. The following tables confirms the outstanding balance of the Mulinda Notes as of the Petition Date:

First Mulinda Note:	\$1,119,755.71
Second Mulinda Note:	\$1,610,444.59
Third Mulinda Note:	\$2,001,781.08

See RRSB Generations POC, p. 9; RRSB Parkside POC, p. 6.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 17 day of September, 2025.


Charles Aarestad

Subscribed and sworn to before me this 17 day of September, 2025.


Notary Public

